

Your Guide to
Pass-through Energy Contracts



Wholesale charges are usually fixed, however non-commodity charges are passed through at the current rate. As a result of this a passthrough contract could potentially lower your energy spend.

For businesses that are not averse to risk, do not require a fixed budget and would like more involvement with their energy contract, a passthrough contract could be the answer.

What exactly is a pass-through energy contract?

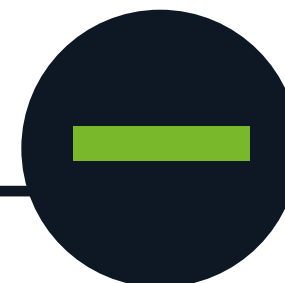
A pass-through contract is, to all intents and purposes, the opposite of a fully-fixed contract in that, while you agree to a price for your energy, not all rates and charges are paid for upfront and so will be added to your bill on an ad-hoc basis.

If you do decide that this kind of contract is one you would like to take on, ensure that you understand how your business uses energy; consumption during peak periods will be expensive and, with fluctuating costs, make sure that your cost estimates and budget predictions are flexible enough to accommodate any unexpected peaks.

Benefits and risks of a pass-through energy contract:



- If prices fall, you will be the one to benefit, not the supplier
- Consumer takes on more risk which lowers the costs
- Enables you to benefit if costs fall in the future
- Great for clients who can manage usage patterns to avoid expensive triad charges



- As with any risk, the downside is a lack of certainty which can be an issue if you're on a tight budget
- 3rd party costs can fluctuate
- More complex
- Cost estimates are no guarantee of future costs



Should my business opt for a pass-through energy contract?

The only person that can decide which contract is right for your business is you. Love Energy are here to help and consult, working with you in order to find the best deal which meets your business's individual needs.

If you are a 9-5 business, with limited administrative manpower and require stability and relative certainty, a fully-fixed contract is for you.

If your business operates outside traditional working hours, and you can afford to put man-hours towards securing cheaper prices, allowing you to be in full control of your outgoings, then maybe you should consider a pass-through contract..

If you're interested in finding out what the market has to offer, and you'd like to discuss your options with one of our energy experts call us now on 0800 975 5380 or email contact@loveenergysavings.com

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